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September 25, 2006

Ref: 3201-24163

Honorable James H. Welsh
Commissioner of Conservation
Post Office Box 94275
Baton Rouge, LA 70804-4275

Re: Hearing Application
2870' Sand, Reservoirs A & B
HOUMA FIELD
Terrebonne Parish, Louisiana
Applicant: Wagner Oil Company

Dear Mr. Commissioner:

In accordance with the Rules of Procedure for Conducting Hearings Before the Commissioner of Conservation of the State of Louisiana, application is hereby made on behalf of **Wagner Oil Company** for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of an order pertaining to the following matters relating to the 2870' Sand, Reservoirs A and B in the Houma Field, Terrebonne Parish, Louisiana.

1. To create two (2) single drilling and production units of approximately 160 acres each for the 2870' Sand, Reservoirs A & B, designated as the 2870' RA SUA AND 2870' RB SUA, Houma Field, Terrebonne Parish, Louisiana, all as shown more particularly on the attached plat;
2. To establish rules and regulations governing the exploration for and production of gas and condensate from the said units;
3. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the units so created, with each tract sharing in unit production on a surface acreage basis of participation;
4. To consider such other matters relating to the subject reservoir as may be appropriate and justified by the evidence presented at the public hearing.

The 2870' Sand, Reservoirs A & B, in the Houma Field is hereby defined as being that gas and condensate bearing sand encountered between the measured depths of 2,903 feet (2866' TVD) and 3,001 feet (2958' TVD) (electrical log measurements) in the Denbury Resources-Southdown Sugars No. 1 Well, in Section 5, Township 17 South, Range 17 East, Terrebonne Parish, Louisiana.

In accordance with the Rules of Procedure for Conducting Hearings Before the Commissioner of Conservation of the State of Louisiana, the Commissioner of Conservation, the District Manager of the Lafayette District of the Office of Conservation and all interested owners, represented parties and interested parties known to the applicant after a reasonable search were notified in writing in the pre-application notice dated September 14, 2006 that a conference to discuss the proposed application was tentatively scheduled for 2:00 p.m. on Wednesday, October 4, 2006. It was stated at that time that this conference would be held only if a request to confer were received by the undersigned within ten (10) calendar days after the date of the pre-application notice. No requests to confer were received either in writing or by telephone and, in accordance with the Rules of Procedure, the tentatively scheduled conference **WILL NOT BE HELD**.

Attached hereto and made a part hereof is a plat outlining the 2870' RA SUA and 2870' RB SUA, Houma Field, Terrebonne Parish, Louisiana, and a list of the names and addresses of the interested owners, represented parties and interested parties to whom this notice is being sent. It is hereby certified that a reasonable effort was made to ascertain the names and addresses of all interested owners, represented parties and interested parties.

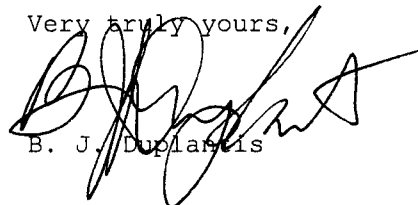
A copy of the list of the names and addresses of the interested owners, represented parties and interested parties is not being mailed to those parties along with this application notice. Should any such party desire a copy of this list, however, we will be glad to provide one upon request.

Upon receipt of the legal notice in the captioned matter, the notice will be posted, published and mailed in accordance with Rule 7 of the Rules of Procedure.

Any pertinent data relating to the proposed unit can be obtained, AT THE COST OF THE REQUESTING PARTY, from Mr. Bill Robbins of W. H. Robbins & Associates, 302 La Rue France, Suite 100, Lafayette, LA 70508 (337) 232-5004.

Finally, there is enclosed herewith our check on behalf of the applicant in the amount of \$755.00, made payable to the Office of Conservation, representing the required hearing application fee.

Very truly yours,



B. J. Duplantis

BJD/ht

Attachments

cc: Mr. Richard D. Hudson, District Manager
Office of Conservation

All Interested Owners, Represented Parties and
Interested Parties

